FOREIGN AGRICULTURE

1971 Wheat Trade Expected Down

Dutch Farmers Boost Productivity

August 23, 1971

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This week's cover:

Floating elevator in Rotterdam harbor transfers U.S. wheat from ship to river barges en route to West European countries. Outlook for the 1971-72 wheat-trading season is that less U.S. wheat will be sold to Western Europe than last year. See story beginning this page.

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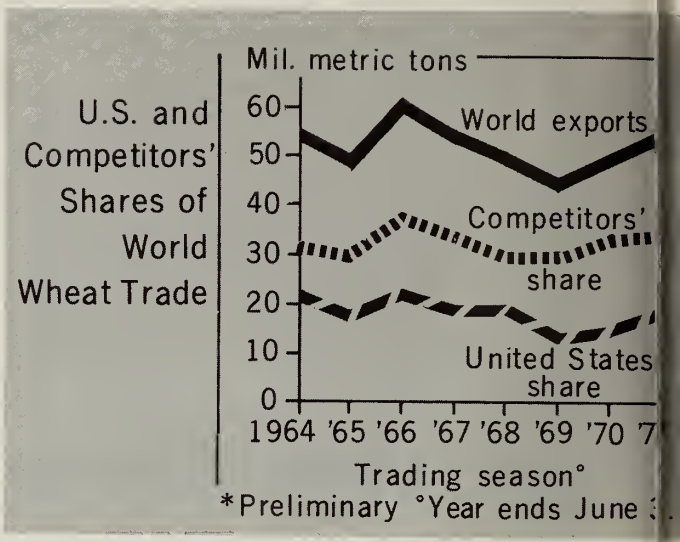
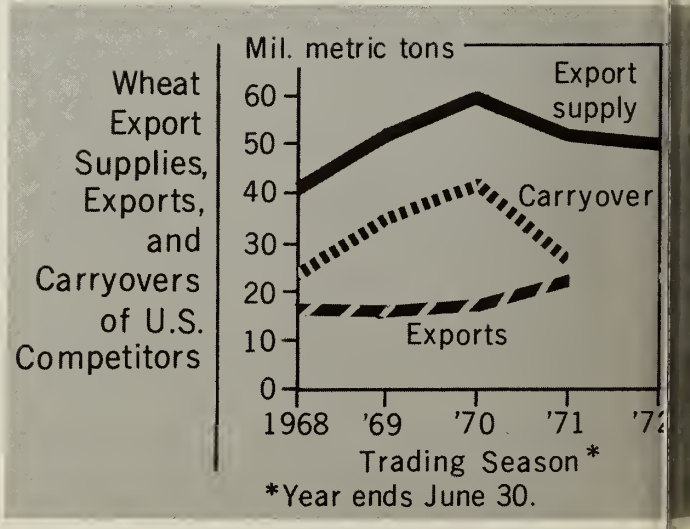


OUTLOOK: SLOWER TRADING SEASON IN 1971-72 FOR WORLD'S WHEAT



Country or grouping	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71[1]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
EXPORTS								
ajor U.S. competitors [2]	25.6	22.5	28.4	25.0	17.3	16.7	18.2	22.7
rope and USSR	5.9	7.3	9.0	10.4	12.9	13.9	15.6	12.3
l others	1.1	1.1	1.3	.5	.6	.7	.6	.8
Total competitors	32.6	30.9	38.7	35.9	30.8	31.3	34.4	35.8
iited States	23.1	19.3	23.4	20.0	20.2	14.7	16.5	20.1
World total	55.7	50.2	62.1	55.9	51.0	46.0	50.9	55.9
IMPORTS								
stern Europe	10.2	9.3	10.2	9.8	9.1	10.3	9.9	11.9
stern bloc countries[3]	21.4	13.3	21.4	13.3	10.3	7.7	11.0	11.1
l others	24.1	27.6	30.5	32.8	31.6	28.0	30.0	32.9
World total	55.7	50.2	62.1	55.9	51.0	46.0	50.9	55.9

[1] Preliminary. [2] Canada, Australia, and Argentina. [3] East European countries plus the USSR and Mainland China.

Bigger grain harvests this summer and fall, together with continued strong competition among exporting countries, are expected to take some of the snap out of world wheat trade in the 1971–72 trading season (ending June 30, 1972). Greater grain supplies in Europe, a major importer in 1970–71, will mean lesser world import requirements.

Based on this and other early season indicators, the decline in world import demand is estimated at roughly 3 million metric tons.

Also, greater supplies in Europe may affect wheat exports to non-European countries. In years of good crops, some European countries are often wheat exporters themselves; and wheat from Europe moving to Africa, the Middle East, and Asia may take up some of the market space otherwise available for the United States and other countries that export more regularly.

This trading season's prospects represent a moderate decline from the high level of 1970–71, during which about 55.8 million metric tons of wheat moved internationally. This amount was 10 percent above wheat trade for the year before and the highest since 1966–67.

The chief factor contributing to last season's increased trade was exceptionally high wheat imports by both Eastern and Western Europe. Western Europe took about 2 million tons more wheat in 1970–71 than in the previous year, and Eastern Europe imported about 1.7 million tons more.

All the traditional exporters, except Argentina, had larger exports in 1970–71 than the year before. Australia and Canada together increased shipments by 4.7 million tons. Of particular significance to the United States was that its commercial wheat sales reached a record level of approximately 490 million bushels.

For traditional exporters, lower shipments from European countries also contributed to larger sales. Exports from Western Europe, mainly the European Community, were only 60 percent of the previous year's level, and wheat movements from Eastern Europe were less than one-third of those the year before.

This trading season, the increased domestic wheat supplies in Europe will be a depressing factor on world wheat trade. However, the decline in wheat imports by European countries will

Country and category	1956-60	1961-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71[1]	1971-72[2]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
nada:									
Export supply[3]	—	25.4	28.2	31.5	28.2	32.7	37.7	32.7	29.7
Exports	8.0	11.0	14.9	14.8	8.9	8.7	8.9	11.4	—
Carryover[4]	—	14.4	13.3	16.7	19.3	24.0	28.8	21.3	—
stralia:									
Export supply[3]	—	9.0	8.3	12.9	10.5	15.9	18.5	17.1	17.0
Exports	2.6	6.0	5.7	7.1	7.0	5.3	7.3	9.5	—
Carryover[4]	—	3.0	2.6	5.8	3.5	10.6	11.2	7.6	—
entina:									
Export supply[3]	5.6	5.2	8.9	3.3	3.5	3.9	4.3	2.3	2.7
Exports	3.2	2.6	7.8	3.1	1.4	2.7	2.0	1.8	—
Carryover[4]	2.4	2.6	1.1	.2	2.1	1.2	2.3	.5	—

[1] Preliminary. [2] Forecast. [3] Excludes amounts needed for home market. [4] That portion of export supply left unshipped at end of trading on.

probably be less than the increase in wheat production.

First, stocks in the countries of the European Community (EC) are unusually low, and some of the 1971 wheat crop will likely go toward an increased carryover. A similar situation probably exists in Eastern Europe.

Second, the quality of the wheat crop in 1971 in Europe may not be the equal of that of the relatively good quality outturn in 1970. A poorer quality 1971 wheat crop would mean increased need for premium wheats from overseas sources for food uses.

Third, large amounts of wheat in the EC could be diverted to feed use if emphasis is continued on the EC's denaturing subsidies. This movement could also clear the way for somewhat greater incoming wheat trade. For Eastern Europe, the proportion of wheat used as feed may depend more upon the availability and price of domestic and imported feedgrains.

Further, 1971–72 world wheat trade will be somewhat strengthened by the climb in imports by the Soviet Union. During 1971–72, the USSR, under a recent agreement with Canada, will import 38 million bushels of Canadian wheat remaining on a 1966 long-term contract and will also purchase up to about 92 million bushels on a new contract. Of the total wheat, 74 million bushels is to be moved by December 31, 1971, and the balance is expected to leave Canada in 1972.

Other wheat markets around the world in 1971–72 are expected to have little overall change from 1970–71. Turkey, North Africa, India, and Brazil may take somewhat less. But such decreases could be mostly offset by increases in imports by Pakistan, countries of the Middle East (see *Foreign Agriculture*, Aug. 16, 1971), and several markets in which there is a general long-term upward trend in foreign wheat needs and purchases.

Competition among the major traditional wheat exporters of the world—Canada, the United States, Australia, and Argentina—is expected to continue keen in 1971–72. All are likely to have larger wheat crops in 1971 than in 1970, although lower levels of carry-in stocks will cause a small decline in the total supply actually available for export.

Canadian spring wheat acreage in the Prairie Provinces, which grow about 97 percent of Canada's wheat, is estimated up 56 percent from last year. (However, 1970 was a year when Canadian wheat production was held far below average by Government programs attempting to solve the huge wheat surplus Canada had acquired in the late 1960's.)

Competition among exporting countries will probably be even stiffer in the second half of 1971–72 than this fall. Starting in November 1971 both the Australian and Argentine wheat crops, which are now in the early stages of growth, will be harvested. Early predictions are that production in both countries will be up from the reduced levels of last year.

Australia's wheat production may reach around 9 million metric tons compared with 8 million tons the year before; and Argentina's output will probably be around 6 million tons compared with 4.2 million in 1970–71.

What are the prospects for 1971–72 sales by individual exporters?

For the United States, 1971–72 foreign sales could decline by about 85 million bushels from the 1970–71 level of about 738 million bushels. Most of this drop would be because of the changed situation in Europe.

Sales of feed wheat from the United States, especially to the United Kingdom, are likely to be sharply reduced. The reduction is partly because of better weather and higher price guarantees in the United Kingdom, which have brought a larger crop, and partly because of greatly increased competition from the EC, where the current wheat export subsidy is about $20 per ton higher than it was during most of 1970–71. Also, because of better crops in 1971 than in 1970, Eastern Europe may buy little or no U.S. wheat in 1971–72 in contrast with the nearly 1 million tons it bought in 1970–71.

Another factor that could substantially affect the quantity and pattern of U.S. wheat exports is transportation stoppages, such as the dock strike on the west coast, which has already affected shipments from Pacific ports. Possible further interruption of shipping facilities could take place at Atlantic and gulf ports in the fall.

Canada, with large sales already negotiated to the Soviet Union and to Mainland China, is likely to export about as much wheat in 1971–72 as 1970–71.

Australia's sales will depend somewhat on the quality of its 1971–72 wheat harvest. At present, although Australia has sizable stocks of wheat, it lacks outlets for the large quantities of relatively low-protein wheat it has.

In Argentina, although production of wheat during 1971–72 is expected up, exports may not exceed those of 1970–71 mainly because of the lower level of shipments during the July-December 1971–72 period.

U.S. wheat pours into railroad cars on way to export markets.

Danish Food Industry Undergoes Marketing Revolution

Danish housewives in a small self-service food store.

Danish food producers, distributors, and consumers are involved in a marketing revolution in which the automobile, the refrigerator, and the supermarket are important elements. And changes taking place there will probably be reflected in its import-export trade with the United States.

In the past, the lack of private transport and a shortage of home refrigerators forced housewives to shop for food almost daily, to buy in small quantities from neighborhood stores, and to consume their purchases almost immediately. In response to increasing ownership of automobiles and electric refrigerators, and to other social and economic pressures, the Danish food industry is being forced to make changes akin to those in the United States.

Small neighborhood stores are closing as Danish consumers drive the family car to large shopping centers—often located at some distance from their homes—buy in quantity from large and varied supermarket stocks, and store many of their purchases in a home refrigerator or freezer.

Behind the scene is a changing pattern of retail and wholesale organizations. Unprofitable chains or groupings of stores are being forced out of business or to consolidate into still larger and stronger chains. New products are being introduced and new marketing techniques are being tried.

Some of these new products may be imported from the United States.

In 1969, U.S. exports to Denmark totaled $293 million of which $82.3 million, or 28 percent, were agricultural products. Soybeans, valued at $36.4 million, were by far the largest U.S. export to Denmark. Unmanufactured tobacco, soybean meal, raisins, prunes, canned fruits and vegetables, nuts, and citrus fruits and juices were other important U.S. agricultural exports to that country.

U.S. imports from Denmark in 1969 were valued at $247.1 million of which $97.6 million, or 40 percent, were agricultural products. Canned ham, worth $82.6 million, was the main import item. Other U.S. imports from Denmark included rennet, cheese, sausage, sausage casings, cider, bakery products, and beer.

Although the U.S. share of all Danish imports in 1969 was only 7.7 percent, the United States supplied 25 percent of Denmark's agricultural imports.

Economic growth is the main source of Denmark's food industry expansion and change. Rising real income stimulates increases in consumer demand for food and related marketing services even though food expenditures are a steadily declining share of the country's national income.

In 1958 food expenditures were 17.4 percent of gross national product but dropped to 14 percent of GNP in 1968. During the present decade food expenditures as a share of GNP are expected to fall even more, to 11.5 percent by 1980. However, total food expenditures, at 1968 prices, are projected to rise by 27 percent to about $2,204 million in 1980. Per capita food expenditures will rise nearly 20 percent—from $356 in 1968 to $426 in 1980.

The movement from farm to city is having little effect on Denmark's food industry, even though, historically, migrations of this nature have nearly always been an important source of growth and change in food marketing systems in industrial countries.

In contrast, however, the more recent sociodemographic trend toward suburbanization continues to promote significant changes in the structure and operation of the Danish food distribution system. Results of this movement can be seen in the nature and size of the stores consumers patronize and the types of

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This article is based on the publication "Food Marketing in Denmark: Developments, Prospects for 1980, Significance for U.S. Exports" by Norris T. Pritchard, Agricultural Economist, Foreign Development and Trade Division, Economic Research Service, U.S. Department of Agriculture. Copies of the publication, FAER No. 72, may be obtained from Information Division, OMS, USDA, Washington, D.C. 20250.

foods offered for sale.

Another important factor is the increase in the number of women working outside the home. In 1955 there were 700,000 working women. Just 15 years later the total had jumped to 920,000. All the gain resulted from increases in numbers of working wives.

In the years ahead, however, the number of working wives will increase at a slower rate than in the recent past. This suggests that the future will see only a modest growth in demand for convenience foods from rising numbers of working women. Future growth of this type of food must come by persuading wives to buy larger quantities.

The revolution in Danish food purchasing habits has forced changes throughout the entire food supply structure. Some segments of the trade have benefited. Others have suffered mortal wounds. In the latter group are small family-operated neighborhood stores that now find it impossible to streamline their operations to compete with the larger multidepartment stores.

The Danish Government has for a long time recognized the small shopowner as an important element of the country's economy and has enacted laws that made it easier for small retailers to survive competition from larger, more efficient retail operations.

The only law now in effect limits to 54 hours a week the time retail outlets may remain open. This helps small shopowners keep labor costs within manageable limits. It also prevents large supermarkets from gaining the full economies resulting from longer hours.

Even these assists from the Government failed to provide the help many neighborhood stores needed to stay in business. In 1948 Denmark had 37,959 foodstores. And by 1970, according to trade estimates, there were only about 28,000 shops.

As thousands of small foodstores closed, Danish retailers began to build self-service foodstores. Introduced in the late 1940's, self-service foodstores were at first received with little enthusiasm. On January 1, 1950, Denmark had just two self-service stores. Twenty years later, however, there were an estimated 5,550 self-service stores.

The number of supermarkets and variety stores is currently growing rapidly and the trend is toward larger units. Supermarket units being built today are about twice the size of those constructed only 5 to 10 years ago.

Supermarket numbers are expected to increase to the point where they will be about 12.5 percent of all Danish foodstores compared with only 2.5 percent in 1970. Accordingly, supermarkets (including the food departments of department and variety stores) almost certainly will capture the lion's share of the Danish food business in 1980 compared with slightly more than 20 percent in 1969.

Retail sales of factory-processed foods are rising at an estimated rate of 5 to 7 percent annually, in constant prices. This growth rate is roughly three times the annual 2 percent increase in total food expenditures.

But sales of some convenience foods are increasing much faster. Included among these are: frozen, pet, baby, and snack foods, prepared main dishes (canned and frozen), and canned and dry soups. Sales of these items are rising about 10 to 30 percent annually.

Danish consumers are served by a supply structure that encompasses consumer cooperatives, corporate chains, voluntary chains, retailing cooperatives, and independent stores. Throughout this entire network there is a tendency to create larger, more integrated retail food organizations.

To strengthen the position of the consumer cooperatives, plans have been made to consolidate the national cooperative federation of more than 1,700 member societies into a single national cooperative society.

On January 1, 1970, Denmark had 11 corporate food chains which owned 117 supermarkets, 37 department and variety stores with large food departments, and 147 smaller stores. The chains ranged in size from 4 to 177 stores.

The recent history of these chains has been one of growth, and the removal in 1970 and 1971 of legal restrictions on expansion seems to indicate that the next decade will also be one of rapid enlargement of their activities. However, already there are indications that several of the chains will be absorbed by others in the near future.

Similar mergers are taking place among the voluntary chains of independent stores and retailer cooperatives. In 1968, Denmark had six voluntary chains with about 2,000 foodstores and nearly 11 percent of all retail food sales. In 1970 four of the chains merged into a single chain and at least one of the three remaining voluntary chains may disappear soon.

In 1969 Denmark had seven retailer cooperatives with about 2,600 foodstores and 15 percent of all retail food sales. As a result of recent acquisitions of three of these organizations by others, only four remain. Of these, one is said to be too small for efficient operation in Denmark's competitive food market. Its disappearance would leave only three cooperatives of this type.

By 1980, as a result of further mergers and acquisitions, probably no more than 10 to 13 large integrated organizations will have 75 to 80 percent of the Danish retail food market. They will include Co-op Denmark, six corporate supermarket and variety store chains, three retailer cooperatives, two voluntary chains, and a department store chain.

The general direction of change in Danish ways of living and marketing is toward the American pattern. This growing Americanization of Danish food marketing has much significance for U.S. export operations. Basic strategies and techniques for successfully marketing processed foods are becoming essentially the same in the two countries. Nevertheless, some elements of Danish food marketing are sufficiently different that they require some modifications of American practices.

The relatively small size of the Danish food market requires that manufacturers capture a larger share of total sales than is necessary in the United States in order to show a profit. It is estimated that a 20-percent market share may be required, compared with about 2 percent in the United States.

In order to reach this volume, U.S. manufacturers must sell their products through supermarkets and variety stores of the major Danish retailing companies. They must, therefore, tailor market strategies and techniques to meet the demands of this trade.

In comparison with the United States, food product advertising in Denmark is expensive and fewer media are available to manufacturers to influence consumer buying patterns. Both factors tend to weaken manufacturers' market positions and increase selling costs. Danish magazine and national newspaper advertising is expensive, and no commercial announcements are carried on the radio networks.

Seed and Olive Oils Vie on Spanish Market

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OLIVE oil, traditionally Spain's leading table oil, is receiving mounting competition from seed oils, and the trend is expected to continue with increased exports of olive oil and domestic production and imports of edible seed oils on the rise.

In 1960, Spaniards consumed some 400,000 metric tons of vegetable oils of which edible seed oils accounted for only 25 percent. In 1969–70 consumption exceeded 514,000 tons, of which nearly half was seed oils. Of these, soybean oil was the most important, constituting 27.9 percent—143,500 tons of the edible oil total. Sunflower oil consumption, at 58,600 metric tons, marked a 222-percent increase over the previous year's level and contributed 14 percent of the total edible oil consumed. Other edible oils used were cottonseed oil and peanut oil.

This rise in consumption of edible seed oils is attributed to several factors. For one thing olive oil consumption has remained relatively stable because the bulk of production is exported. Spurred by heavy foreign demand—particularly from Italy — and attractive prices, Spanish exports of olive oil reached an alltime high of 184,000 metric tons in 1969–70. This represented an increase of about 156 percent over the previous year's exports.

The Spanish Ministry of Agriculture currently estimates the 1970 olive oil crop at 407,000 metric tons, or 13.7 percent above 1969. Following heavy drought damages in 1970, olive trees suffered severely from January 1971 frosts, particularly in northeastern Spain where an estimated 40,000 trees were killed.

Stocks of most edible oils at the end of the 1969–70 season are estimated at approximately 245,000 metric tons of which some 200,000 tons are olive oil and about 17,000–18,000 tons are soybean oil. This represents a decline of approximately 26.6 percent from end-of-season stocks in 1968–69.

The movement toward greater consumption of seed oils originated in 1955–56 when the Spanish Government began to import seed oils to meet the domestic requirements for reasonably priced edible oils. By the mid-1960's Spain established its own crushing facilities and started to import seeds (principally soybeans) for domestic crushing. The soybean meal provided the protein supplement demanded by the expanding poultry and livestock industries.

In 1969–70 Spain's oilseed imports reached an estimated 1.3 million tons, surpassing the previous season's volume by 218,300 tons. Soybean imports weighed in at 1,250,000 metric tons—220,000 tons greater than those of the previous year. The United States supplied 96 percent of the soybean imports and Brazil provided the remainder.

Along with increased imports of oilseeds the Government has been encouraging domestic production by a support price scheme and subsidization of inputs such as fertilizer and seed. In the course of the 1969–70 season, support prices for edible vegetable oils were moderately higher for olive oil and 12 to 19 percent over the previous season for seed oils.

Spanish production of oilseeds in 1970–71 was some 301,400 metric tons. Sunflower has become the favorite oilseed crop in the country and soybeans could become another contender, although so far test plantings have yielded little success.

Because of larger domestic supplies, imports of edible vegetable oils in 1969–70 were cut in half.

An official Government Order issued on January 19, 1971 decreed, among other things, that soybeans will not be subject to payment of import duty until such time as domestic production expands or it is deemed appropriate by the Spanish Government. Also, surplus soybean oil resulting from domestic crushing is to be exported by crushers without Government subsidization of any kind except for the normal tax refund accorded to this type of export.

Part of the domestic soybean oil production is earmarked by the Spanish Government for home consumption. The January Order instructed that distribution should be carried out under bimonthly quotas and preference would be given to miners' commissaries, the armed forces, the fish canning industry, and other groups. The balance was to be distributed among retail shops.

According to trade sources, this new distribution system has excluded a group of end users, which apparently consumed 70 to 80 percent of the soybean oil marketed in the country. This group, the small or low-priced restaurants and the potato chip industry, is now forced to use more expensive sunflower seed oil.

A large proportion of the oil previously consumed by this group reportedly now goes to retail outlets in 1-liter bottles where it is bought by housewives. A substantial amount is also reportedly being distributed among hospitals and welfare institutions.

The unprecedented expansion in Spanish soybean oil exports in 1969–70, when 85,000 metric tons were exported, is expected to continue in 1970–71, spurred by the commitment of Spanish crushers to export all of the oil produced over the bimonthly quota authorized for domestic marketing.

Soybean imports into Spain during 1970–71 are expected to total around 1,350,000 metric tons—about 8 percent above last season's record. The exact amount will depend largely on such factors as the level of high-protein feeding to poultry and livestock and the ability of Spain to continue exporting its surplus soybean oil.

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Dutch farmers' demands for higher prices than those awarded last March by the EC Commission (see *Foreign Agriculture,* May 3, 1971) may not have had a substantial economic basis. Their discontent with the structural reform program adopted by the Commission, however, was more justified.

The dissatisfaction of Dutch—as well as German, Belgian, and Luxembourg—farmers with the price increases has been attributed to a widening gap between farm and nonfarm income, which arose from the small size and the inefficiency of most EC farms. The Dutch Landbouwschap (overall Netherlands agricultural organization) claimed during the EC price increase controversy that one reason for this gap was that Dutch costs had risen about 18 percent from 1967–68 levels while EC prices had not been increased at all.

The Landbouwschap's analysis would indicate the Dutch farmer is in desperate straits. However, an examination of increases in Dutch agricultural productivity and agriculture's share of the nation's income does not indicate a picture as black as the Landbouwschap would have one believe.

It is true that capital inputs have increased in relation to other production factors, although it has not been possible to measure these increases. Also, it is reasonable to assume that the introduction of technology that has raised labor productivity has made the farmer more dependent on commercial inputs and has increased his requirements for short-term financing. Moreover, in a psychological as well as an economic sense, these developments have made the Dutch farmer more vulnerable to inflationary pressures.

Yet, the degree of the cost-price squeeze on the Dutch farmer must be looked at primarily in light of labor productivity increases.

For example, in the United States, farm return for a bushel of corn in 1959 was $1.05, and in 1969, $1.28. But in 1959 it required 20 hours of labor to produce 100 bushels of corn, whereas in 1969 it required only 8 hours. Similarly Dutch labor productivity has risen steadily in terms of man-year units, as a result of modernization of agricultural industries, combined with unit intensification and decreasing labor inputs. Labor productivity figures clearly point out the strides the Dutch farmer is making. Taking only the years 1963 and 1969, agricultural labor productivity in the Netherlands rose by 57.8 percent.

At the same time, the agricultural labor force has decreased—in three major steps. First, the number of farm laborers began to decline in the early 1940's and continued to decrease through the 1950's. Secondly, the number of farmers' sons remaining in agriculture decreased, beginning in the early 1950's and continuing through the early 1960's. The third phase is a decline in the numbers of farmers themselves, from the early 1960's up to the present time.

Along with this decline in agricultural labor force there has been a steady drop in agricultural income as a percentage of national income, but the ratio between agricultural income as a percentage of national income and agricultural labor force as a percentage of total labor force has remained relatively stable. (Small annual variations due to the weather are not unusual.)

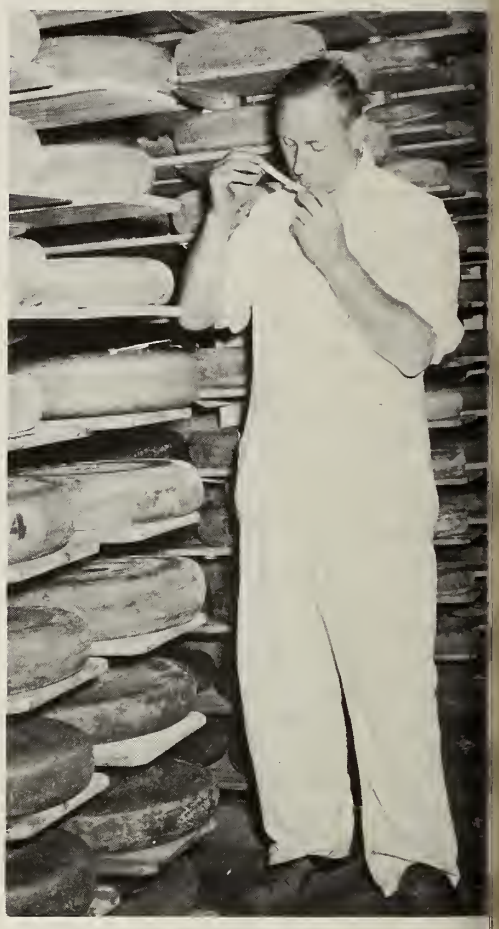
DUTCH FARM INCOME AND LABOR

Year	Agricultural labor force	Agricultural labor force in total labor force	Agricultural income in national income
	1,000 man-years	*Percent*	*Percent*
1958-62 average	416	9.8	9.9
1965 ...	345	7.6	8.1
1967 ...	323	7.0	7.0
1969 ...	297	6.3	7.1

With agricultural labor holding its own in relation to national income, and with productivity making constant increases in terms of man-years, a comparison of the agricultural income per man-year and nonagricultural income per man-year is of interest.

DUTCH FARM INCOME PER MAN-YEAR

Year	Agricultural income per man year	Nonagricultural income per man year
	Guilders	*Guilders*
1958-62 average ...	8,249	8,124
1965	13,339	12,487
1967	14,895	14,640
1969	19,401	17,767



It is important to note the stable relationship between these two incomes. It is frequently reported that in income the full-time agricultural employee is increasingly lagging behind the nonagricultural employee. The point made here however, is that the decreasing labor force combined with the improved utilization of resources has resulted in an almost 1 to 1 constant relationship between the agricultural and nonagricultural incomes per man-year.

From these data, it is possible to conclude that the attempt to obtain large agricultural price increases was more politically than economically motivated.

ft, testing Gouda cheese; livestock and oducts give Dutch farmers two-thirds of ome. Above, working cropland; field ops supply only one-eighth of income. ght, harvesting grapes; horticulture pro-les one-fifth of income value.
notos: Netherlands Information Service.)

Productivity Helps Offset Increasing Expenses on Dutch Farms

National elections faced the Dutch Government in April. The farmer was politically important out of all proportion to his role in the economic structure of the Netherlands.

It was politically easy to point out the cost inflation faced by farmers while Community agricultural prices had been more or less stable for 3 years. In short, the Dutch position on agricultural price increases was motivated by internal political considerations, with little attention given the underlying economic strength of Dutch agriculture or the stake that the Dutch farmer had in livestock production.

Farmer opposition to the structural reform program, however, has a firmer basis, since structural adjustments have been occurring in Dutch agriculture for some time without EC help. Changes in agricultural area are part of these structural adjustments.

The Netherlands is perhaps the only country in the world that annually expands its borders through peaceful means. With the now famous "delta works" in the Province of Zeeland and efforts to drain the IJssel Meer, the total area of the Netherlands increases by a few hundred acres every year.

Nevertheless, area available for agricultural use declines annually. In 1958, approximately 64 percent of the Netherlands area was available for agricultural uses; by 1970 this percentage had dropped to 60. Although not a tremendous change, this illustrates the constant pressure for housing, industry, traffic, and recreation land uses. This trend is expected to increase in the future because of the growing population demands that will be made on the limited land supply.

The decline in agricultural land is of major concern in structural policy. Adjusting this limited production resource to meet changing farming methods and increasing productivity per man is a real problem for the most densely populated country in the world.

A heavy loss in farm numbers since 1958 reflects the disappearance of farms 25 acres and smaller, while the number of farms larger than 25 acres has been increasing. Nevertheless, by 1980, it is estimated there will be 116,700 farms, only one-third of which will be larger than 50 acres.

There also have been changes in composition of agricultural production over the past 13 years. In 1958, 17 percent of the gross value of agricultural production was in crops, 66 percent in livestock, and 17 percent in horticulture. By 1969 these percentages were crops 12, livestock 68, and horticulture 20.

Although no survey of farm equipment was made in 1970, there has been a trend away from individually owned ground-working equipment. It has been estimated that 80 percent of the 1967 farm production was harvested with equipment from outside the farm where the crops were produced. With relatively small farms and increasing equipment capacities, use of contracting services or jointly owned equipment is gaining favor in the Netherlands.

An analysis of fertilizer use shows that nitrogen applications from 1958 to 1969 increased 67 percent, while use of phosphorus and potassium dropped 2 percent and 15 percent respectively. Use of nitrogen, which gives the farmer quantity, particularly of grasses, is an important way in which he has increased his production capacity.

Use of calcium to control soil acidity remained relatively stable between 1958 and 1966. Through extension service efforts in the mid-1960's, however, farmers began to watch soil acidity more carefully and since 1966 use of calcium has jumped 43 percent. In 1969 the amount of artificial fertilizer used, in pounds per acre (all figures converted to ingredients, pure form), was nitrogen 136, phosphorus 42, potassium 50, and calcium 51.

With structural changes occurring in the Netherlands at a reasonably rapid rate, the Dutch feel no compelling urge for Community financing of structural adjustment. Furthermore, it is Italy and France that will reap the greatest benefits from common financing of structural reform, while Germany and the Netherlands make the greatest financial contribution.

In the end, the March compromise saddled the Dutch with the reform commitment in exchange for half a loaf of politically expedient price increases.

India's Fruits and Vegetables Have Export Potential

By D. R. GULATI
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New Delhi

Endowed with a variety of soils and climates, India grows a wide range of tropical as well as Temperate Zone fruits, vegetables, and flowers. India's share of the world's export market for these products, however, has been negligible. Long distances from markets and transport routes that lead through tropical regions have restricted trade in fresh products; and India's processing industry is still relatively new. However, with improvements in transportation and storage, marketing techniques, and processing procedures, India could change this export situation.

The main fruit and vegetable exports of India are bananas, mangoes, and onions. In addition, apples, citrus, grapes, pineapples, and flowers show promise. Total exports range around $15 million a year.

Banana exports during the last few years have ranged from 7,000 to 10,000 tons, mainly to Persian Gulf countries. India's efforts to export bananas to the Japanese market have not yet succeeded, owing to inadequate supplies of acceptable varieties. Shipments to the USSR have been hampered by the closure of the Suez Canal.

Currently, India's 500,000 acres of bananas produce 4 million tons of fruit. Some varieties are excellent and ship well. To increase varieties suitable for export, India plans to cultivate an additional 40,000 acres. But, to capitalize on production increases, it needs better transport facilities.

The **mango** is the premier fruit of India. In season it is cheap and almost universally available, and its unusual and delicious flavor makes it a favorite with Indians and foreigners alike. Unfortunately for American consumers, distance as well as quarantines against the mango weevil precludes fresh imports, although the fruit is available canned. Air transport promises larger fresh supplies to parts of Europe where the weevil apparently does not present a menace. Exports have been averaging about 1,500 tons a year.

By 1973–74 a considerable increase in the current mango area of around 2 million acres is planned, while a number of existing orchards are to be planted in new high-yielding varieties producing large crops every year instead of highly variable yields.

Fresh Indian mangoes have a good sales potential in the United Kingdom and several Continental and Persian Gulf countries. Mango products (juice and slices) have recently found a sizable market in the USSR and Yugoslavia. India, as the major producer, appears to have favorable export prospects.

Some 40 years ago, U.S. missionaries introduced improved varieties of **apples** in the hills of northern India. The plantings generally thrived. Indian apple production has increased sharply during recent years, reaching 250,000 metric tons in 1969 against only 50,000 tons in 1961.

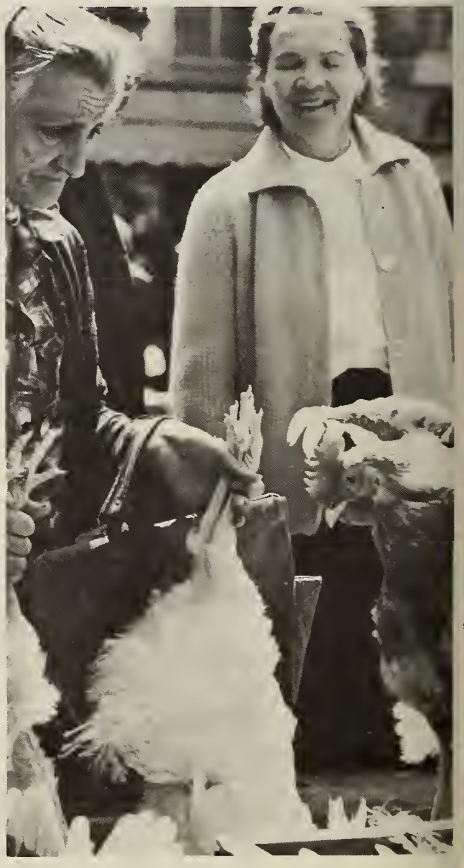
The scope for large-scale commercial exports of Indian apples appears to be limited, however. Internal demand seems likely to keep prices above world levels for some years.

Pineapples, though not a major crop, do well in the hills of eastern India. Prospects for expansion and prospective export are good, particularly if trade routes through East Pakistan can be opened. At least one major U.S. company is interested in pineapple production and processing.

India is one of the world's leading producers of **onions.** Exports, averaging about 100,000 tons annually in recent years, have gone largely to Ceylon, Malaysia, Singapore, Bahrain, Kuwait, and Qatar. Two onion dehydration plants recently set up in Maharashtra State are capable of processing 30,000 tons of fresh onions a year, and it is proposed that about 80 percent of their annual production be exported to West European markets. Because of a reported glut of onions in the world market, however, exporters' enthusiasm has been somewhat subdued.

Prospects for exporting large shipments of **citrus** fruit are not promising. Though some excellent mandarin oranges and grapefruit are grown, citrus plantations in northern India have suffered a serious setback from the increasing cultivation of the more profitable high-yielding grain crops and from "die-back" due to an unknown disease and/or to water problems.

France Hopes To Increase Poultry Exports And Production



Commercial cultivation of **grapes** has only recently begun, but is expanding rapidly. Current production is around 150,000 tons, and domestic demand has so far kept prices well above world levels, so that exports are insignificant. If production continues to expand, some of India's exceptionally fine white seedless grapes could find foreign markets in countries such as Kuwait and Saudi Arabia through air shipments during the Indian harvest from March to May.

A breakthrough in exports of cut **roses** is being attempted. Florists from France, West Germany, Holland, and Great Britain have indicated interest in selected varieties to be supplied during winter months. Successful trial shipments to Europe in 1969 by the State Trading Corporation have led to a rapid growth of commercial rose plantations in India. Techniques for postharvest low-temperature treatment of blooms and packaging for export are being standardized.

Cold storage facilities for fruits and vegetables are inadequate. Most of the existing cold storage is utilized for potatoes. Plans are being formulated to build 1,000 additional cold stores by 1973–74.

The Indian fruit and vegetable processing industry utilizes less than 1 percent of the country's production. In recent years the industry has undergone a major shift from traditional items such as pickles and chutneys to jellies, juices, jams, and other canned goods. The domestic market is limited by the high cost of canned products, the availability of fresh fruits and vegetables, and the low income level of much of the populace. Exports are encouraged through cash assistance and rebates on excise duties. However, it will be extremely difficult for most Indian items to compete in the highly sophisticated world market in the near future.

After a somewhat disappointing performance during the Fifth Plan for Poultry (1965–70), the French poultry industry hopes to increase production and exports during the period of the Sixth Plan from 1971 to 1975. This new Plan calls for an increase of 5 percent a year in the production of poultry meat and a 2-percent annual increase in egg production.

To reach the 1975 projected output of 575,000 tons of broilers and 16.9 billion eggs, during the next 5 years it will be necessary to invest an estimated $54 million to $90 million for broiler production and about $54 million to increase the laying flock.

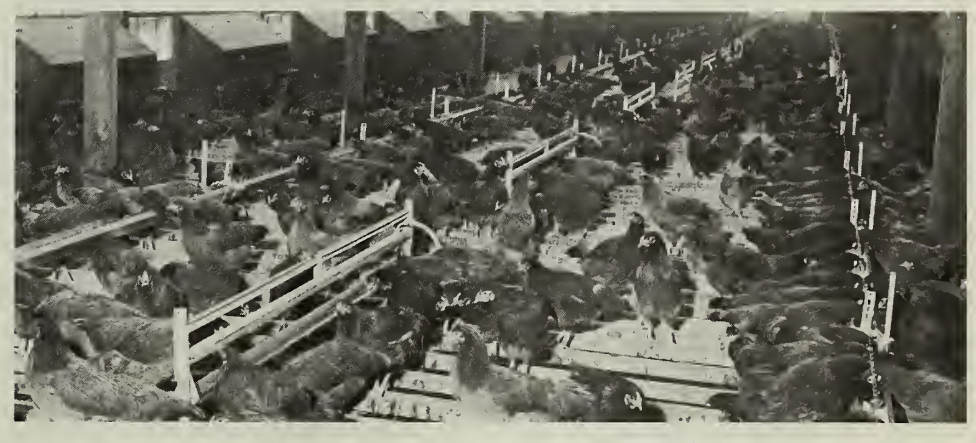
French poultry producers realize that they face continued competition from other EC countries. Reportedly, total Common Market production of eggs last year was greater than demand, and poultry meat production has exceeded domestic consumption for several years. Thus it will be necessary to strengthen the domestic market and to increase sales to non-EC countries abroad.

The Sixth Poultry Plan states that the majority of poultry producers are in favor of organized production and think that 50 percent of commercialized eggs and 80 percent of broilers should be produced by organized group farming. However, large French producers fear that organized meat and egg production in France could be of benefit chiefly to Dutch and Belgian producers, who reportedly have a lower cost of production.

In 1970, France produced an estimated 770,000 metric tons of poultry meat (including 470,000 tons of broilers) and 12.2 billion eggs. Although this represented increases of 6 and 9 percent, respectively, over 1969 production, 1970 was considered an unsatisfactory year by poultry and egg producers.

The CFA (French Poultry Confederation) reported that in 1970 the production cost of eggs in modern equipped operations was 3.1 cents per egg, whereas producer prices averaged only 2.5 cents. Production costs for chickens, slaughter basis, were estimated at 28.6 cents per pound, while wholesale broiler prices [1] in 1970 ranged from a low of 18.7 cents to a high of 36.2 cents. However, wholesale prices for broilers in March 1971 were reported to have improved over those of a year earlier. Early 1971 prices for eggs were also up from 1970 levels.

[1] Partially eviscerated.



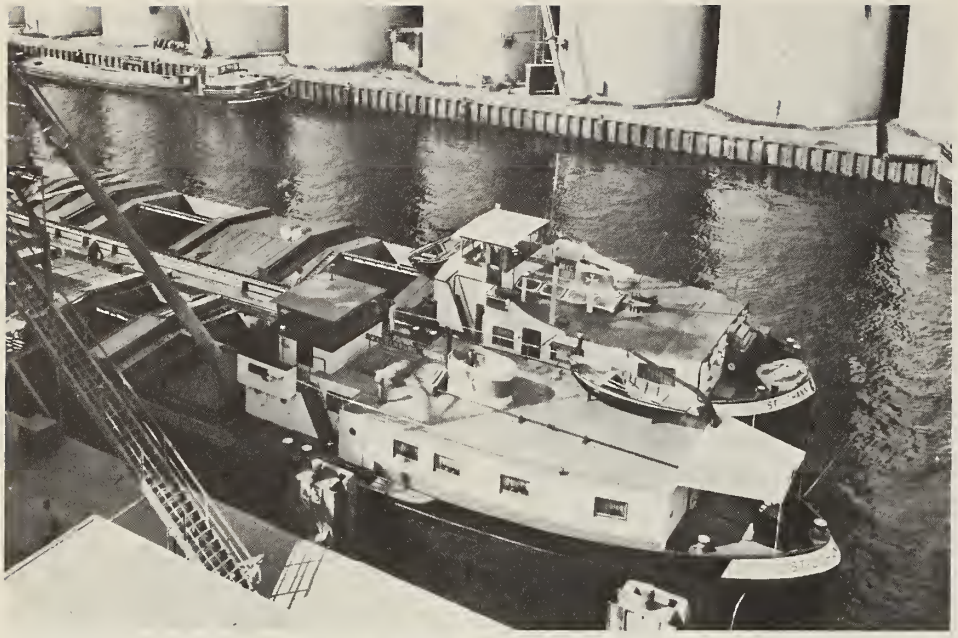
Shoppers in Puy look over chickens, left. Poultry house in Baigt, above. (*Photos: French Ministry of Agriculture*)

Exports of almost all poultry products increased in 1970. France has found important new markets for poultry meat in the Soviet Union and for eggs in Japan.

Principal poultry and egg imports in 1970 (with comparable 1969 imports in parentheses) were as follows: poultry meat, 4,004 tons (3,592); eggs in shell, 426.6 million (300.8); egg products, 1,391 tons (1,116); breeding chicks, 2.7 million (1.7); and hatching eggs, 4.5 million (1.7).

Imports from the United States in 1970 included 273,000 baby chicks and turkey poults, up 72 percent from 1969, and 288,000 hatching eggs, an increase of 44 percent from 1970. The United States also exported 880,000 pounds of fresh and frozen poultry meat to France in 1970. —Based on a dispatch by

FRANK A. PADOVANO, *Former Assistant Agricultural Attaché, Paris*



U.S. wheat being loaded in Amsterdam for transport to Switzerland.

Swiss, Austrian Revaluations Affect U.S. Trade Little

By AMALIA VELLIANITIS
International Monetary and Trade Research Branch
Economic Research Service

Because of international monetary events in early May, both Austria and Switzerland found it necessary to revalue their currencies upward on May 9, 1971. This should have only a minimal effect on U.S. agricultural trade because of the small value of trade with these two countries and the relatively stable demand for the agricultural products that the United States sells to Austria and Switzerland.

The revaluation was taken in response to the floating of the German mark (see *Foreign Agriculture,* June 21, 1971), and problems of agricultural trade were not an important consideration in making the decision to revalue. Because of the German situation, if these countries had not revalued, their monetary stability could have been adversely affected.

In early May over $2 billion entered Germany in anticipation of a revaluation. Once in a country, dollars and other foreign exchange can be converted into domestic currencies, and this can cause inflation. Switzerland and Austria were, next to Germany, the best candidates for revaluation since they both were in a strong external financial position. Consequently they put into effect a revaluation at the same time Germany permitted the mark to float upward. This meant that the owners of the huge stock of funds in Germany could no longer expect to move their funds into Switzerland and Austria and make a profit by having funds in those countries if and when a revaluation occurred.

Under the new exchange rate for Switzerland, one U.S. dollar will be worth 4.08 francs; the old rate was 4.37 francs per U.S. dollar. The new Austrian rate is 24.75 schillings per U.S. dollar. The old rate was 26.00 schillings.

As a result it becomes less expensive for a Swiss or Austrian importer to purchase dollars or other hard currencies to buy foreign goods. Theoretically, this could lead to an increase in imports of farm products with U.S. exports sharing in the growth.

In 1968-70, the leading U.S. agricultural exports to Switzerland were tobacco, soybean meal and other oilseed derivatives, wheat, poultry, rice, and fruits and nuts. They totaled an average $72 million yearly in 1968-70. During this period the leading exports to Austria were tobacco, fruits and nuts, and small amounts of soybean oil, corn, and hides. They totaled about $8 million annually.

Because of the revaluation, it is also true that U.S. importers can now buy fewer Swiss francs and Austrian schillings than before for the same amount of dollars. This could mean that U.S. agricultural imports from Switzerland and Austria could decrease from the $28 million and $6.5 million, respectively, of 1970.

U.S. agricultural imports from these countries consist primarily of processed food products. In 1970, Switzerland supplied the United States with $9.4 million of cheese and curds, $8.2 million of coffee extracts and essences, and lesser amounts of soups, cookies, and chocolates. The United States imported nearly $5.8 million of agricultural products from Austria in 1970, mostly cheese and curds, and fruit and vegetable juices.

Trade with the United States is not a very large part of either country's total trade. Switzerland's total exports were $13.7 billion and imports $15.9 billion in 1968-70. Only about 9 percent of the trade in each direction was with the United States. Austria's total exports were $7.3 billion and imports were $8.9 billion in the same period. Only 4 percent of Austria's exports went to the United States, and only 3 percent of its imports came from the United States.

The impact of the revaluation on the exports and imports of these countries will depend in part on the extent to which the adjustment in exchange rates is reflected in changes in commodity

(Continued on page 16)

Livestock and Meat Products

U.S. Livestock Exports Down, Imports Up

The value of U.S. exports of livestock, meat, and meat products at $53 million in June was down 4 percent from a year earlier as a result of reduced exports of inedible tallow, cattle hides, and variety meats. Imports, at $134 million, were up 16 percent due to greater imports of boneless beef and prepared beef items at higher per unit values.

Inedible tallow exports in June totaled 206 million pounds—down 10 percent from a year ago due primarily to a decline in shipments to India which, at 51 million pounds, were down 22 percent.

Variety meat exports, at 22.3 million pounds, were down 3 percent in volume; and with an average per unit value of

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	June		January-June	
	1970	1971 [1]	1970	1971 [1]
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	18,780	18,108	161,454	182,121
Tallow and greases:				
Inedible	230,003	206,139	1,132,917	1,329,109
Edible	2,466	58	10,233	5,045
Meats:				
Beef and veal	2,425	3,722	14,561	22,431
Pork	3,499	4,128	21,310	21,808
Goat, lamb, and mutton	126	64	521	751
Sausages	436	353	2,032	1,991
Meat specialties	242	209	1,909	1,574
Other canned	830	735	4,206	3,835
Total red meats [2]	7,563	9,211	44,539	52,391
Variety meats	23,078	22,337	112,012	138,056
Sausage casings (animal origin)	987	1,089	6,193	6,747
Animal hair, incl. mohair	1,839	1,762	8,682	8,926
Hides and skins:				
Cattle parts	951	3,411	6,719	15,779
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	1,394	1,235	8,007	7,848
Calf	89	228	513	1,164
Kip	8	26	110	140
Sheep and lamb	391	594	1,859	2,916
Horse	22	3	85	66
Goat and kid	11	168	122	367
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	2,215	5,811	15,948	66,248
Sheep, lambs, and goats	11,992	28,728	64,168	118,838
Hogs	1,487	1,311	8,499	11,031
Horses, asses, mules, and burros	1,331	1,969	34,685	6,868

[1] Preliminary. [2] May not add because total was computed from unrounded data. Bureau of the Census.

U.S. IMPORTS OF MEAT AND SELECTED LIVESTOCK PRODUCTS

Commodity	June		January-June	
	1970	1971 [1]	1970	1971 [1]
Red meats:	*1,000*	*1,000*	*1,000*	*1,000*
Beef and veal:	*pounds*	*pounds*	*pounds*	*pounds*
Fresh, chilled, or frozen:				
Bone-in beef	1,476	1,596	13,470	9,131
Boneless beef	82,354	92,487	524,022	465,994
Prepared items	976	4,609	4,909	24,686
Veal	2,195	1,845	12,676	9,823
Prepared or preserved:				
Canned:				
Corned	7,659	5,413	44,357	26,552
Other	2,840	2,346	14,157	11,875
Other	4,372	16,676	29,074	35,779
Sausage	—	350	92	1,514
Total beef and veal [2]	101,875	125,322	642,751	585,354
Pork:				
Fresh, chilled or frozen	5,835	6,782	29,077	32,543
Canned:				
Hams and shoulders	22,467	23,059	128,695	137,997
Other	3,456	1,757	17,472	11,460
Cured	426	320	2,737	2,127
Sausage	247	338	1,667	1,772
Total pork [2]	32,432	32,257	179,650	185,899
Mutton and goat	7,370	5,051	31,192	15,840
Lamb	1,613	3,244	20,137	27,009
Sausage, mixed	805	727	5,401	4,336
Other meats	1,237	1,086	9,360	7,938
Total red meats [2]	145,330	167,687	888,486	826,376
Variety meats	872	556	4,812	3,794
Edible and inedible tallow and grease	717	740	3,696	4,266
Meat extract	108	62	515	441
Wool (clean basis):				
Dutiable	9,258	3,344	52,338	28,199
Duty-free	7,784	7,036	35,004	37,298
Total wool [2]	17,040	10,381	87,342	65,497
Animal hair (clean basis)	98	286	1,389	1,307
Hides and skins:				
Cattle parts	222	287	846	1,100
Sheep skins, pickled and split	1,019	847	6,416	3,953
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	39	45	201	177
Calf and kip	67	27	305	140
Buffalo	8	35	105	118
Sheep and lamb	1,439	2,774	11,355	13,294
Goat and kid	153	185	2,586	1,111
Horse	36	10	109	97
Pig	32	27	488	136
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle	91,992	57,455	669,012	490,097
Sheep	74	472	1,822	3,574
Hogs	7,249	8,378	26,266	35,575
Horses, asses, mules, and burros	376	381	1,554	1,868

[1] Preliminary. [2] May not add because total was computed from unrounded data. Bureau of the Census.

27 cents per pound compared with 29 cents last year, they were down 10 percent in value.

Exports of cattle hides totaled 1.2 million pieces compared with 1.4 million last year. Their per unit value was down 11 percent to $8.83 per piece. Reduced shipments to the USSR (1,256 pieces this June versus 340,000 pieces a year ago) were responsible for the fall in exports.

Beef and veal exports in June were up 54 percent to 3.7 million pounds, because of a twofold increase in Canadian takings, to 2.3 million pounds.

Live cattle and calf exports at 5,811 head were more than 2½ times their level a year ago as a result of the 3,813 head exported to Canada compared with 713 head last year. About two-thirds of the cattle exported to Canada were for slaughter.

Boneless beef imports totaled 92 million pounds in June —up 12 percent from a year earlier. The increase was due to entries from New Zealand, at 23.7 million pounds compared with 9.7 million last year.

Imports of prepared beef items totaled 4.6 million pounds compared with 1 million last year. The average per unit value of prepared beef imports in June was 52 cents per pound—up 12 cents from the same month last year. Honduras, Guatemala, and Nicaragua have been the largest sources of these products in the past, but in June, arrivals from Australia totaling 1.1 million pounds supplied almost 25 percent of the total imported.

Canned corned beef imports were down almost 30 percent from the 7.7 million pounds imported in June 1970. Reduced entries from Argentina, at 1.5 million pounds compared with 5.7 million last year, were responsible for the decline.

Other prepared or preserved beef imports (excluding canned) totaled 16.7 mililon pounds in June compared with 4.4 million a year ago. Larger entries from Brazil (9.2 million this June compared with 1.2 million last year) and Argentina (6.9 million compared with 2.8 million a year ago) accounted for the increase.

Wool imports continued their downward trend. Most of the decline occurred in the dutiable category. Dutiable wool imports totaled 3.3 million pounds in June—down 64 percent because of a drop in imports from Australia from 4.2 million pounds to 1.6 million.

Tobacco

U.S. Flue-Cured, Burley Exports Decline

Exports of U.S. unmanufactured flue-cured and burley tobacco (export weight) were down in fiscal 1971 from the relatively high level of the previous year. Flue-cured exports were 412 million pounds, representing a continued decline over the past 4 years from a total of 427.4 million pounds in 1967-68. Significantly smaller shipments of flue-cured in the past year were made to the United Kingdom, Australia, Italy, the Philippines, and some Balkan countries. Increased shipments during the year were made to Germany, Japan, Thailand, and South Vietnam.

Burley exports were down substantially, totaling only 40.4 million pounds compared with 52.6 million pounds in the previous year. However, this was still higher than the 38 million pounds exported during 1967-68. Burley exports were down significantly to Thailand, Italy, Germany, the Philippines, and Portugal. Recent purchases of burley tobacco for shipment in the next few months to Italy, Germany, and Thailand indicate that some of the loss may be offset by future shipments to these areas. In the Philippines, production of domestic burley is being encouraged, and quality has been greatly improved.

Higher prices for U.S. flue-cured tobacco continued to increase export value. In fiscal year 1971 it rose to $451.4 million compared with the $441.6 million in the previous year. Export value of burley tobacco was down 20 percent from the high level of the previous year at a total of $41.8 million compared with $52.4 million.

U.S. EXPORTS OF FLUE-CURED AND BURLEY TOBACCO [1]
[Export weight]

Destination	Flue-cured		Burley	
	1970	1971 [2]	1970	1971 [2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
United Kingdom	111.3	95.1	0.1	0.1
Germany, West	67.8	87.6	13.4	11.9
Japan	39.1	41.2	—	1.3
Thailand	18.1	21.4	3.8	1.0
Netherlands	17.9	15.6	.9	1.2
South Vietnam	5.9	11.9	—	—
Belgium-Luxembourg	9.9	11.7	.8	1.8
Denmark	13.7	11.2	3.8	2.4
Australia	16.5	10.4	.4	.3
Italy	11.5	9.8	7.8	5.4
Sweden	6.9	9.8	2.4	3.6
Taiwan	10.5	9.5	—	—
Ireland	10.2	9.3	—	—
Switzerland	11.9	8.3	4.8	3.4
Malaysia	6.9	7.0	—	—
Spain	3.0	5.1	—	—
Finland	2.6	3.8	1.1	1.1
New Zealand	3.0	3.7	(3)	(3)
France	2.9	3.6	1.1	.6
Portugal	1.9	3.6	2.2	.2
Libya	2.5	3.1	(3)	(3)
Hong Kong	3.2	3.0	.9	.5
Norway	5.4	2.9	.8	.5
Austria	4.7	2.1	.5	.5
Philippines	5.3	2.0	4.3	1.3
Other	21.5	19.3	3.5	3.3
Total	414.1	412.0	52.6	40.4
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Value	441.6	451.4	52.4	41.8

[1] Fiscal year. [2] Preliminary; subject to revision. [3] Less than 50,000 lb. Bureau of the Census.

Sugar and Tropical Products

Kenya and Uganda's Tea Production Down

Reflecting drought conditions earlier in the year, Kenya's tea production during the first 6 months of 1971 totaled only 15,314 metric tons, off 29 percent from the 21,458 tons harvested in the corresponding 1970 period. Kenya's tea crop in calendar 1970 was a record one, reaching a high of 41,077 metric tons.

Dry weather has also hurt Uganda's tea crop this year. Production for the first half of 1971 has amounted to 6,787

tons, compared with 8,612 tons in the first half of 1970. Uganda's 1970 tea crop was also a record, with a harvest totaling 18,217 tons.

Fruits, Nuts, and Vegetables

Hamburg Prices of Fruits, Juices

Quotations represent importers' selling prices including duty and sugar-added levy, but excluding the value-added tax. Sales are in lots of 50-100 cases.

Type and quality	Size of can	Price per dozen units July 1970	April 1971	July 1971	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricot halves:					
Choice	2½	3.67	3.44	3.60	Spain
Do	2½	—	4.39	4.59	Africa
Do, light syrup	2½	3.38	3.18	3.09	Greece
Peaches, halves:					
Choice	2½	4.10	4.48	4.68	U.S.
Do, light syrup	2½	3.80	4.10	4.28	Africa
Not specified	2½	—	3.84	4.01	Argentina
Pears:					
Heavy syrup	2½	3.87	3.77	3.94	Italy
Not specified	1	—	3.44	3.67	Mainland China
Fruit cocktail:					
Choice	2½	5.51	5.77	6.03	U.S.
Choice	2½	—	5.11	5.35	Australia
Not specified	2½	4.30	4.72	4.94	Italy
Cherries, red pitted:					
Fancy	10	22.95	21.97	22.97	U.S.
Pineapple, whole slices:					
Choice	2½	4.77	4.56	4.22	U.S.
Do	1½	2.56	2.56	2.55	Philippines
Do	30 oz.	3.74	3.77	3.77	Taiwan
Not specified	2½	4.43	4.20	4.01	Philippines
Do	2½	3.54	3.44	3.29	S. Africa
CANNED JUICES					
Grapefruit, unsweetened	2	—	—	2.26	U.S.
Do [1]	1 ltr.	3.87	3.70	4.08	Israel
Do	2	2.07	2.11	2.21	Israel
Do	2	1.61	1.54	1.61	Greece
Orange, unsweetened [1]	1 ltr.	3.61	3.57	3.87	Israel
Do	43 oz.	3.34	3.25	3.46	Greece
Do	43 oz.	3.25	3.61	3.87	Italy

[1] Packed in square glass bottles.

Smaller Raisin Pack Forecast in Turkey

The Turkish trade indicates that the 1971 raisin pack may total between 110,000 and 130,000 short tons—down from the estimated 1970 output of 140,000 tons. If the weather holds good through harvest, the fruit is expected to be of superior quality.

Some 55,000 tons of the 1970 output remained unsold at the end of July. It was also reported that about 25,000 tons of 1969-crop fruit were in stock. TARIS, the Government-sponsored purchasing cooperative, holds the entire stock and is offering 1970-crop raisins for export at $227 and $249 per short ton f.o.b. for No. 9's and No. 10's, respectively.

As a result of the recent change in the foreign exchange rate applicable to raisins and some other products, TARIS has increased the domestic selling price for its stocks. The exchange rate is now 13 liras per dollar (formerly TL12 per dollar). It is to be increased gradually in the next few years to TL15 per dollar—the official exchange rate for most other trade and for tourism.

Minimum export price levels for the 1971-72 season are presently being discussed and the official crop estimate will be released shortly.

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	1.93	+1	2.00
USSR SKS-14	1.85	0	(1)
Australian FAQ	1.72	0	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	+4	2.02
15 percent	1.98	+2	2.05
U.S. No. 2 Hard Winter:			
13.5 percent	1.81	−2	2.01
No. 3 Hard Amber Durum	1.82	+4	1.88
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.63	+1	1.88
Feedgrains:			
U.S. No. 3 Yellow corn	1.45	−4	1.96
Argentine Plate corn	1.64	−1	1.99
U.S. No. 2 sorghum	1.45	−9	1.70
Argentine-Granifero sorghum	1.48	−9	1.73
U.S. No. 3 Feed barley	1.10	−3	1.33
Soybeans:			
U.S. No. 2 Yellow	3.58	−1	3.30
EC import levies:			
Wheat [2]	1.48	+3	1.45
Corn [3]	.95	+4	.67
Sorghum [3]	1.04	+11	.73

[1] Not quoted. [2] Durum has a separate levy. [3] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Crops and Markets Index

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Foreign Agriculture

Swiss and Austrian Revaluations (Continued from page 12)

prices. Swiss and Austrian exporters may absorb some or all of the increase in price. If this happens there would be little or no change in the price to U.S. or other importers. At the same time, U.S. exporters could increase the dollar price for their commodities and cancel the potential price decline to Swiss and Austrian consumers.

Even if the commodity prices do change in accordance with the exchange rate adjustments, there may be a relatively small effect on U.S. sales because the demand for some of the major products purchased from the United States does not respond greatly to price changes.

At present, the main U.S. agricultural export to both of these countries is unmanufactured tobacco. Exports of tobacco have grown at a fairly steady rate. It is not the type of product for which demand would grow because of a small decrease in the number of schillings or francs needed to purchase U.S. dollars for tobacco. Tobacco constitutes about 40 percent of U.S. agricultural exports to Austria and about 30 percent of exports to Switzerland.

Another major U.S. export to Switzerland is wheat. It constitutes about 10 to 15 percent of agricultural exports from the United States to Switzerland. It is another product for which demand is not likely to grow as the price of foreign exchange declines. This is particularly true since U.S. wheat is experiencing very strong competition from the European Community for the Swiss and Austrian market. For example, in late June the EC sharply increased its export subsidies for wheat from $27 to $42 per metric ton to all destinations including Switzerland and Austria. As long as the EC provides this kind of support for its exports to Switzerland and Austria, it may be difficult for the United States to realize much of an advantage from the revaluations.

There are other factors that will affect Swiss and Austrian agricultural exports. Both countries have a tightly controlled market structure, with some state marketing of commodities taking place. Therefore, the two governments may take action to diminish the surpluses of some dairy products which they wish to export. However, an increase in export prices due to a revaluation will not help this situation.

Both countries are located in the heartland of Europe. Any political crisis or conventional war among their neighbors could interfere with needed farm imports. Therefore, these two countries would like to be as self-sufficient as possible in food production. The Swiss Government in particular has taken steps to ensure a prosperous farming class and an efficient agricultural sector. This goal of self-sufficiency may also work against the increase in farm imports that would normally occur with revaluation.

Since neither country has a predominantly agricultural economy, any effects of revaluation, such as a reduction in farm exports and an increase in imports, may be offset by government marketing practices or subsidies if either government believes these effects would prove to be detrimental to its long-term farm policy.

IFC Supports Second Textile Mill in Java

The International Finance Corporation (IFC) is supporting a second textile mill in Indonesia, P.T. Unitex, an $11-million Indonesian-Japanese venture to be located near Bogor in West Java.

The mill will have an annual capacity of approximately 8.2 million yards of bleached, dyed, and finished polyester-cotton poplin shirtings. At full capacity, the plant will supply about 7 percent of the country's projected demand in 1973 for polyester-cotton poplins.

The United States supplies most of Indonesia's cotton requirements under P.L. 480. (Shipments in fiscal 1971 at 180,000 bales were valued at $24.6 million.) The polyester staple fiber will also be imported. Since its output will replace imports, the project is expected to generate net foreign exchange savings of about $500,000 a year. In the past 3 years, annual consumption of textile piece goods in Indonesia has averaged 850 million yards; nearly two-thirds has been imported.

IFC's loan and equity investment in P.T. Unitex is $3.3 million. Recently, as its first such investment, IFC also helped set up a $7.5-million cotton cambric producer in Central Java, with Indonesian and Japanese sponsors.

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